



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

Fact Sheet

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MCC Investments Contribute to Long-Term Food Security

Global food security is among the most pressing challenges to economic development and poverty reduction in countries around the world. MCC has been actively working with its partner countries to invest in sustainable, market-based solutions to food insecurity since 2005. These countries are asking MCC to fund the infrastructure and agricultural investments needed to address this issue.

Beginning with its first compact (grant) in April 2005, MCC has made significant rural and agriculture-related investments, including projects in 20 of the 23 compact countries. All told, MCC has obligated \$4.4 billion¹ to strengthen the agricultural and rural economies in poor countries and to promote reliable access to sufficient, safe and affordable food.

Country ownership prioritizes agriculture and rural economic development

MCC's model enables countries to identify and request funding for their most critical obstacles to reducing poverty through economic growth. In almost all cases, countries have identified agriculture and the rural economy as among their top priorities for funding via an MCC grant focused on long-term economic development.

Investments all along the supply chain

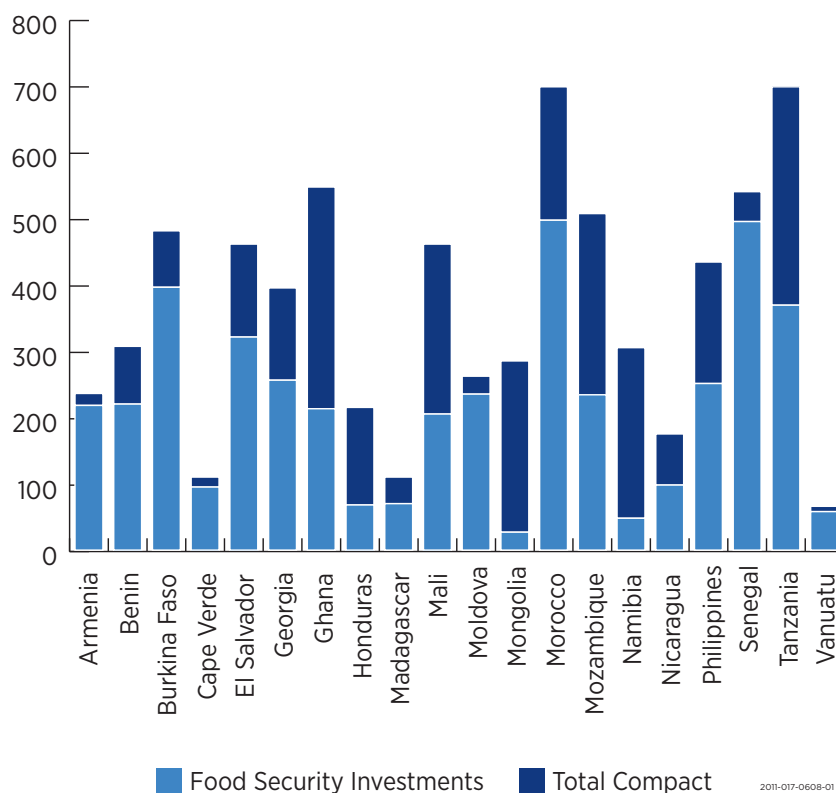
Through a diverse portfolio of investments, MCC provides significant support to every stage of the food production and distribution system. MCC also supports other aspects of rural economic growth, including transferring agricultural technology, securing land rights and access to rural finance, increasing access to sufficient and safe water, and building farm-to-market infrastructure such as rural roads and dry and cold storage facilities. These investments help farmers and rural businesses access productive inputs, such as seeds, water and fertilizers; overcome bottlenecks that hinder the ability to get produce from farm to market; and engage in higher-value production that will ultimately bring about rural income growth.

¹ Financial information in this report is accurate as of March 31, 2011 and includes estimations for the Philippines Compact, which will Enter into Force in 2011

MCC Projects serve as a model for overall US Government focus on food security

In 2010, President Obama launched the Feed the Future Initiative, declaring the commitment of the United States to sustainably reduce hunger and poverty through increased agricultural development programs. Drawing upon the experience gained from six years of successful implementation of agriculture projects, the MCC has collaborated with Feed the Future to provide guidance, review country plans, and develop its results framework.

Food Security Investments as a Portion of Total Compact²



Examples of MCC investments in food security

Irrigation and water management³

MCC has funded \$881 million in irrigation projects in nine countries, ranging from construction of small water retention and control structures, to the rehabilitation of existing irrigation systems, to construction of new irrigated perimeters that expand existing systems.

² Three MCC Compact countries have no Food Security Investments and are excluded from this chart: Jordan, Lesotho and Malawi

³ See the Water and Irrigation Fact Sheet for more details on the irrigation portfolio, <http://www.mcc.gov/water>

Mali's \$205 million Alatona Irrigation Project seeks to develop newly irrigated lands and increase the conveyance capacity of the main system; introduce innovative agricultural, land tenure and water management practices through intensive training; and establish farmer associations to provide input supplies and post-harvest and market-access services to members.

In Moldova, the MCC's \$ 101.8 million Transition to High Value Agriculture Project aims to increase rural incomes by stimulating growth and catalyzing future investments in high-value agriculture. The project invests in the establishment of a successful and sustainable system of irrigation and water resource management, as well as institutions and a policy environment that pave the way for irrigated agriculture. The project will rehabilitate up to 11 irrigation systems. It will also provide technical assistance and build capacity to support legal transfer of management and operations of MCC-rehabilitated systems from the government to Water User Associations (WUAs).

Rural roads and other infrastructure

In Tanzania, MCC investments of \$368.8 million in the transport and energy sectors are being used to upgrade existing roads and add new power generation. Rehabilitation of the Tunduma-Sumbawanga trunk road – which is located in western Tanzania, a fertile agricultural area – and the Zanzibar Rural Roads Activity on Pemba Island will increase commerce and help connect communities to markets. The Malagarasi Hydropower and Kigoma Distribution Activity will provide reliable power to the western region of Kigoma, attracting new investments to the region and allowing productive activities such as agricultural processing to expand.

Secure access to land rights

In Mongolia, the \$27.2 million Peri-Urban Land Leasing Activity is introducing leases to approximately 300 tracts of rangeland to herder groups. Because leases enhance security of tenure, it is expected that households within these herder groups will invest more of their own resources into the land, increasing their incomes by producing more milk and meat products.

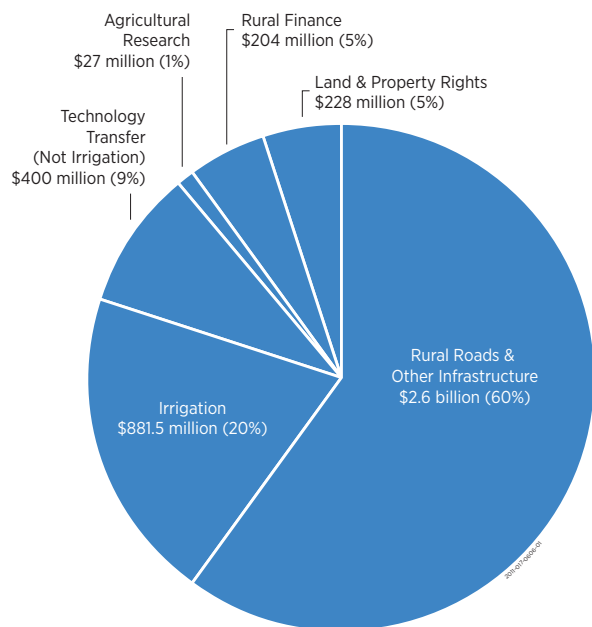
An integral part of the Mali irrigation investment is the Land Allocation Activity, which allows poor farmers to own outright newly irrigated land, and makes a strong effort to include women. Ownership will provide the security needed to encourage investments in production and post-harvest handling. As USAID develops its FTF activities in Mali, it will look to MCC advances and lessons learned in land tenure to inform program design and focus.

Agricultural specialization, reinforcing comparative advantages

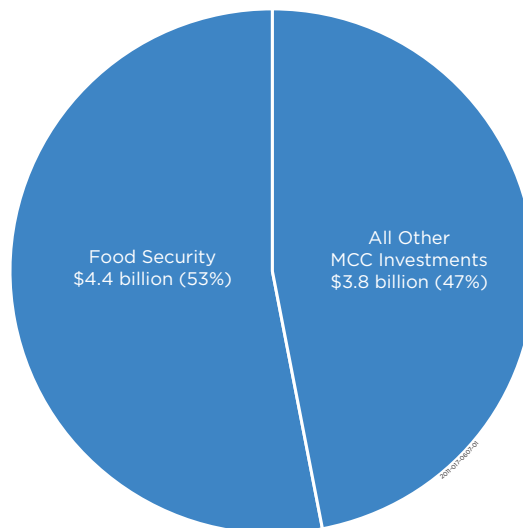
In Morocco, the Fruit Tree Productivity Project (\$300.9 million) is stimulating growth and reducing volatility in the agricultural sector by transitioning production from annual crops to more productive perennial tree crops. The project will increase the efficiency of water use and other crop practices to enhance

the productivity of olive and date trees through improvements to irrigation infrastructure, rehabilitation of orchards, and assistance to water user associations.

**Food Security as a
Percentage of MCC Portfolio
Total: \$8.1 billion**



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Percentage of MCC Portfolio
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Results

Agricultural sector development: A long-term investment to reduce poverty

While individual rural families and businesses participating in MCC-funded projects will see improvements in the near term, the largest benefits of these interventions will emerge over the course of the next 10 to 20 years, contributing significantly to MCC partner countries' food security. MCC's food security investments aim to achieve 32,000 hectares under improved irrigation, 294,000 hectares under improved production practices, 226,000 farmers trained, \$94 million of agricultural or rural loans disbursed, 8,000 enterprises assisted, and 3,500 kilometers of rural roads completed.

Key results to date from the MCC Food Security Portfolio (as of March 31, 2011) include:

- ★ 34 percent, or \$1.5 billion of the total \$4.4 billion, disbursed
- ★ Adoption of improved agriculture practices on 5,857 hectares of land and 119,000 hectares under production with MCC support
- ★ 172,000 farmers trained in techniques that help them produce higher-quality, higher-value crops
- ★ \$66 million in agriculture loans provided
- ★ 6,100 private enterprises involved in agriculture-related businesses assisted
- ★ Construction of 1,132 kilometers of roads that link markets and encourage trade, and another 2,546 kilometers under works contracts

See up-to-date country details at <http://www.mcc.gov/pages/sectors/evaluation/agriculture>.

MCC investments in food systems are critical to helping the world's poor provide for their families and communities today and in the future. These investments, moreover, will help them face potential future crises with greater capacity and confidence. The development of a more robust and productive agricultural economy will help ensure that MCC compact countries have access to affordable, safe food for the increasing number of citizens who live in urban, rather than rural, areas.